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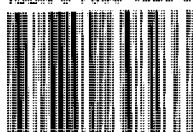
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Managing Airports

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# Managing Airports

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perspective

Anne Graham

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# 7

## The role of airport marketing

### The birth of airport marketing

Airport marketing as a concept at most airports did not really exist until the 1980s. Prior to this, the role of the airport as a public service meant that very often airport management would merely respond to airline requests for new slots by providing published charging and use-of-facility information rather than initiating talks to attract new services. In most cases, the airports considered it was solely the role of the airline to identify opportunities for new or expanded services. It was up to the airport to provide an efficient and safe airport with good facilities for aircraft and travellers. Promoting the air services at the airport was also not considered to be a responsibility of the airport, with the view being that this should be undertaken by the airlines and travel agents which were selling the products. It was rare to find airport marketing managers and, generally, the resources allocated to marketing activities were very small. Airport promotion tended to be very basic, typically consisting of the production of a timetable and publicity leaflets, and reactive responses to press enquiries about the airport.

This passive approach has long since gone at most airports. Airports have become much more proactive in their approach and have developed a wide range of increasingly sophisticated

techniques for meeting the demands of their complex mix of customers such as passengers, airlines, freight forwarders, tour operators and so on. Within any commercially run business, marketing is considered to be a core activity and one which is a vital ingredient for success. The airport sector is no longer an exception and marketing is increasingly being seen as an integral part of the airport business.

Deregulation of air transport markets has made the airport business much more competitive. Airlines in Europe, for example, are much freer to operate out of any airport they choose without being constrained by bilateral restrictions. They are thus much more susceptible to aggressive marketing by airports. New types of airlines, for example low-cost carriers such as easyJet and Ryanair, have emerged, which certain airports may wish to attract through a range of marketing techniques. The increase in demand for air transport due to deregulation and other more general factors, such as economic growth, has meant that there have been enhanced opportunities for more airports to share in this expansion of the market. This has provided airports with greater incentive to develop innovative and aggressive market strategies so that they can reap some of the benefits from this growth. Moreover, a number of airports are close to capacity and unable to offer attractive slots for new services. This means that there may be attractive prospects for other airports to promote themselves as alternative uncongested airports.

The travelling public has also become more demanding and more sophisticated in their travel-making decisions and their expectations of the airport product. Airports have had to develop more sophisticated marketing strategies and tactics to meet the needs of the traveller. In addition deregulation, privatization and globalization trends within the airline industry have increased the commercial pressures being faced by airlines which in turn has encouraged airports to recognize the need for a professional marketing-orientated approach when dealing with their airline customers.

By the late 1990s, the majority of airports were devoting considerable resources to marketing activities. It is difficult to accurately quantify this

**Table 7.1 Number employed in airport marketing at selected regional airports**

<i>Airport</i>	<i>Total number of marketing staff</i>		<i>Number of passengers per marketing staff</i>	
	<i>1991</i>	<i>1997</i>	<i>1991</i>	<i>1997</i>
Manchester	16	27	631 000	562 000
Birmingham	10	24	325 000	227 000
Newcastle	4	6	382 000	428 000
East Midlands	7	9	164 000	202 000
Bristol	7	6	392 000	248 000
Cardiff	2	6	257 000	185 000
Bournemouth	1	4	250 000	41 000
Norwich	1	5	215 000	54 000
Humberside	1	4	163 000	70 000

Source: Humphreys (1999).

increased emphasis on the role of marketing but some indication of this trend can be gleaned from an analysis of staff employed in the marketing area. For example, with UK regional airports the number of passengers per marketing staff decreased significantly between 1991 and 1997 (Table 7.1). If marketing is defined in its broadest sense of satisfying customer needs, there are various other activities (which have been discussed in other chapters) which also can be considered as airport marketing. These activities include quality assessment and improvement, and environmental neighbourhood communication initiatives. The development of non-aeronautical activities can also be treated as a marketing role. Up until quite recently marketing and commercial activities, especially at regional airports, were often covered by the same department at the airport (Meznarsic, 1995). Most airports have now recognized that for both activities to be effective, very different skills and management are required, and so in all but the smallest airports they are usually now considered to be separate functions.

### The nature of airport competition

It used to be commonly believed that most major airports were monopolies with their precise role being determined by the passenger demand in the catchment area. Moreover, airline choice was considered to be limited to particular airports because of bilateral agreements. While this may still be true in certain markets, there are now a growing number of opportunities for airports to compete for both passengers and airlines. The modern-day airline industry which has been transformed, particularly in Europe, from a regulated and public sector controlled activity into a liberalized and commercially orientated business, has played a major role in this changing airport situation. Certain airline developments such as the formation of global alliances and other types of co-operation between airlines such as franchising have been particularly important, as have the development of the low-cost sector, in creating new views on airport competition.

There are a number of key ways in which airports can compete (ACI-Europe, 1999). Clearly if airports are physically close, their catchment areas may overlap for certain types of traffic. For short-haul routes, passengers tend to choose the most convenient, nearest airport which has suitable services. For long-haul flights passengers may be more willing to travel further distances to an airport which they regard as offering a more desirable or superior long-haul service.

In some major urban areas or cities there are a number of situations when more than one airport serves the population. Notable examples are the European cities of London and Paris, and the American cities of New York and Washington. Sometimes the airports may be under the same ownership as with the AdP which owns Charles de Gaulle, Orly and Le Bourget airports and the Port Authority of New York and New Jersey which owns JFK, La Guardia and Newark airports. Such common ownership may clearly reduce the amount of potential competition. Elsewhere in London, for instance, BAA plc airports of Heathrow, Gatwick and Stansted compete with the independently run London City and London Luton airports, while in Washington the Metropolitan Washington Airports Authority airports of Dulles and National compete to a certain degree with Baltimore airport which is owned by the State of Maryland.



In many cases when there are overlapping catchment areas, one airport tends to become the dominant player with the other airports playing a more secondary role. In the London area, for example, Heathrow airport is considered by many passengers, particularly those travelling on business, to be the 'London airport' in spite of a range of services being offered at the other London airports. The secondary airports tend to fulfil more specialized roles (Dennis, 1995). They may act as an overspill airport when the major airport has inadequate capacity, as is the case with Düsseldorf airport, which suffers from runway constraints, and the nearby secondary airport of Moenchengladbach. Alternatively centrally located secondary airports may be able to attract a certain amount of domestic or short-haul traffic, particularly business-related traffic. These types of passengers favour the convenience and generally less congested environment which a city centre airport such as London City or Belfast City may offer. Other airports may choose to specialize in charter operations (e.g. Rome Ciampino airport) or freight operations (e.g. Liège airport).

Then there are the airports that have begun to market themselves as low-cost alternatives to the major airports – having been encouraged by the rapid development of European low-cost carriers (Table 7.2). These airports offer lower fees, faster turnarounds and fewer delays, but in many cases are situated substantially further from the town or city they are serving compared with the competing airports. In some cases these airports may be owned by the same operator which has control of the competing airports, for example, BAA plc owns Stansted airport, Frankfurt airports owns Hahn airport and SEA, the Milan airport operator, owns Bergamo airport. Elsewhere separate ownership patterns exist. Some low-cost airlines, particularly Ryanair in relation to Dublin airport in Ireland, have suggested that there ought to be competing terminals at airports run by different operators. Some limited evidence of such a practice, for example at JFK airport in New York and Toronto airport in Canada, has not proved to be particularly successful but it remains an important issue (CAA, 2001).

**Table 7.2 Alternative low-cost airports within Europe**

<i>Low-cost airport</i>	<i>Competing major airport</i>	<i>Under same ownership?</i>
Beauvais	Paris – CDG/Orly	No
Belfast City	Belfast International	No
Bergamo	Milan – Linate/Malpensa	Yes
Charleroi	Brussels National	No
Carcassonne	Toulouse	No
Cergy-Pontoise	Paris – CDG/Orly	No
Hahn	Frankfurt	Yes
Liverpool	Manchester	No
London – Luton	London – Heathrow and Gatwick	No
London – Stansted	London – Heathrow and Gatwick	Yes
Prestwick	Glasgow International	No
Rome – Ciampino	Rome – Fiumicino	Yes
Sandefjord – Torp	Oslo – Gardermoen	No
Skavsta	Stockholm – Arlanda	No

Problems can occur when a new airport is built which is perceived as providing a inferior service to the old one – perhaps being in a less conveniently situated location. A notable example is Montreal Mirabel's airport, which was built in the 1970s to provide extra capacity in addition to Dorval airport but never managed to attract the volume of traffic that was forecast. Milan is a more recent case where there has been considerable reluctance for carriers to transfer from the Milan Linate airport, which is closer to the city centre, to the newly expanded Milan Malpensa airport. Unless effective regulation is introduced, the only feasible way of ensuring that traffic will transfer to the new airport is by actually closing the old one which has happened in locations such as Munich, Hong Kong, Oslo and Denver (ACI-Europe 1999; Caves and Gosling, 1999).

The other main way in which airports compete is as a hub. Key prerequisites for a hub are a central geographic position and adequate runway/terminal capacity to enable a 'wave' system of arriving and departing flights to take place. Certain airports can compete as hubs for cargo operations especially for express parcel services, particularly if they are open all night and have a good weather record. New infrastructure, notably at Asian destinations such as Kuala Lumpur, Hong Kong and Macao, has provided the impetus for more intense competition for hub traffic. Hub airports are, however, very much dependent on the operating strategies of airlines. While many medium and large-sized airports have aspirations of becoming a hub, in reality there is now less opportunity for this to happen as a result of the growing concentration within the airline industry through developments such as global alliances and code-sharing.

In most cases, passengers will have a specific destination in mind when they travel. The exception may be with some intercontinental traffic when passengers might be more indifferent. For example, Americans visiting Europe may not have a strong preference as to whether they start their European tour from Paris, London or Frankfurt. Airports serving these cities can therefore compete for this traffic. The same can be true with cargo traffic. This is particularly the case within Europe where most long-haul freight is trucked to its final destination.

## Marketing concepts

### The market for airport services

The focal point of any marketing system is always the consumer of the services. For the airport product, demand comes from a variety of markets each with their own specific requirements. From a marketing perspective, it is useful to divide this demand into two, namely the trade such as airlines who buy the airport facilities direct and the general public or travellers who merely consume or utilize the airport product. The marketing techniques used for these two types are very different. Most airports would probably agree that both airlines and passengers are key customers, whereas airlines tend to think of passengers as their customers and themselves as customers of the airports.

In addition, there are the other market segments such as local residents and businesses whose needs must also be met. Obviously these types of demand do not impact directly on the amount of aeronautical revenue and traffic throughput at an airport but their presence at the airport can have a significant impact on the level of non-aeronautical revenue. They can also help airports in acting as a catalyst for economic development. Concessionaires, tenants and other organizations such as handling agents can also be considered customers of the airport. Table 7.3 shows some of the major market segments at an airport. Each of these need to be further subdivided into much smaller discreet segments in order that they can be targeted appropriately and so that the airport's marketing efforts can be the most effective.

**Table 7.3 The airport's customers**

<i>Trade</i>	<i>Passengers</i>	<i>Others</i>
Airlines	Scheduled (traditional and low-cost)	Tenants and concessionaires
Tour operators	Charter	Visitors
Travel agents	Business	Employees
Freight forwarders	Leisure	Local residents
General aviation	Transfer	Local businesses

A common way to segment demand is by airline product type. For example, with passenger travel this would include a full-cost traditional service, a low-cost service and a charter service. Airline alliances could well be given special consideration. In the cargo area, the market may be segmented into integrators, cargo airlines, passenger airlines and other freight companies.

Rather than considering the demand by product type or purpose of travel, it can sometimes be useful to consider it by travel behaviour in order to match more closely the needs of each market segment. For example, there are 'Agoraphobics' who have the lowest level of need, have a fear of flying and of missing the plane, and do not want to be distracted from the departure monitor. Then there are the 'Euphorics' who are the once-a-year holidaymakers who arrive early at the airport and spend money as part of the holiday experience. Next in the order of needs are the 'Confident indulgers' who are frequent leisure fliers who are familiar with the airport product and want to be pampered. Most complaints come from 'Airport controllers' who are typically frequent business passengers flying economy with their families on holiday and feel aggrieved that they do not have the privileges that they normally experience when flying business class. Then, finally, there are the 'Self-controllers' who are frequent business fliers who just want to be processed through the airport as quickly and as efficiently as possible. The amount of time which these types of passenger spend at the airport varies from considerable in the case of the Agoraphobics down to the minimum possible for the Self-controllers (Young, 1996).

For each type of customer, choosing an airport is the result of an amalgam of many decision processes (Table 7.4). For passengers, for example, clearly the

**Table 7.4 Factors affecting the choice of airports**

<i>Passengers</i>	<i>Airlines</i>
Destinations of flights	Catchment area and potential demand
Flight fare	Slot availability
Flight availability and timings	Competition
Frequency of service	Network compatibility
Image and reliability of airline	Airport fees and availability of discounts
Airline alliance policy and frequent-flyer programme	Other airport costs (e.g. fuel, handling)
Surface access cost to airport	Marketing support
Ease of access to airport	Range and quality of facilities
Car parking cost	Ease of transfer connections
Range and quality of shops, catering and other commercial facilities	Maintenance facilities
Image of airport and ease of use	Environmental restrictions

nature of air services on offer – in effect the airline product – will be the key factor as no one will choose to fly from an airport unless it offers the required travel opportunities. Factors such as the distance, cost and ease of surface access to a certain airport can also be very important. The quality of the airport product can have a marginal impact, but only after these other factors have been taken into account. For business passengers, facilities such as fast-track processes and airline lounges may affect choice, while for customers with special needs, for example disabled passengers, the quality of the provision of wheelchair, lifts and general assistance may be important. Then there are other factors which are more difficult to explain and quantify. For example, in many European countries there will be a preference for the established capital city airport even if there are alternative airports that offer a comparable service. This is especially the case among the business community. In some instances, this may be because of better flight availability and frequency at the main airport, but not always. It may be because of ignorance about the other airports, especially among travel agents, or because of some other factor such as the traveller's choice of a certain airline in order to add to their frequent flyer points.

For the airline and other trade customers such as tour operators, it is clearly the nature of the catchment area rather than design details of the airport facilities which are of paramount importance. Depending on the type of route being considered, key factors are business and tourist appeal of the catchment area for incoming passengers, and the characteristics and purchasing power of those residing in the catchment area (Favotto, 1998). Other important elements include the availability of attractive slot times, the presence of competitors and the marketing assistance which the airport is prepared to give, not only in terms of pricing incentives but also with the funding of activities such as market research and promotional campaigns. Other customers will take into account different factors. For example, retailers will only wish to operate at an airport if they have proof that the passenger profile is attractive enough and that the airport has a sufficient traffic throughput.

Table 7.5 gives reasons, obtained from passenger surveys, for why the three largest airports in the UK, namely London Heathrow, London Gatwick and Manchester, were chosen in 1998. As expected, the location of airport and flights on offer are the key factors determining choice. For the London airports, most important is the nature of flights on offer – at Heathrow for both local and connecting flights. Half the passengers at the regional airport of Manchester, however, chose the airport because it was close to their home, with an additional 13 per cent picking it because it was near to their business or leisure destination. Gatwick has a higher proportion of leisure passengers which may explain why passengers were more influenced by travel cost. Similarly the timing of flights appears to be a more influential factor at Heathrow, because of its higher share of business passengers, than at Gatwick or Manchester airport. Through modelling survey data, Ashford (1989) identified three key factors affecting passenger choice, namely access travel time, flight frequency and air fare. In highly regulated markets, such as Nigeria in Africa, flight frequency and air fare were found to be unimportant and surface access time to be very influential.

**Table 7.5 Passengers reasons for choice of UK airport in 1998**

<i>Reason for choice</i>	<i>London Heathrow</i>	<i>London Gatwick</i>	<i>Manchester</i>
Near home	12.8	20.0	49.6
Flights/package available	38.0	51.3	25.2
Connecting flights	19.0	6.8	1.6
Near business	6.1	2.4	6.7
Near leisure	4.5	2.4	6.3
Economic/cheaper	6.2	7.5	2.4
Prefer airport	2.7	2.2	3.0
Timing of flights	4.6	2.2	1.3
Local services inadequate	1.8	0.8	2.2
Prefer airline	2.8	2.4	0.2
Better surface access	0.1	0.7	0.9
Special promotion	0.5	0.3	0.1
Other	0.9	0.9	0.5
Total	100.0	100.0	100.0

Source: CAA (1999).

## The airport product

The airport product consists of a supply of services, both tangible and intangible, to meet the needs of different market segments. Marketing theory often divides the product into the core, actual or physical and augmented elements. The core product is the essential benefit which the consumer is seeking, while the actual product delivers the benefit. Product features, quality level, brand name, design and packaging will all make up the physical product. The augmented product is then additional consumer services and benefits which will be built around the

core and actual products, and will distinguish the product from others. Much of the competition will typically take place at the augmented level (Kotler et al., 1996). Sometimes the physical product is referred to as the 'generic' product with the 'wide' product representing the augmented elements (Jarach, 2001).

Each market segment will perceive these product levels very differently. For the airline, the core is the ability to land and take off an aircraft, while for the passenger it will be the ability to board or disembark an aircraft. For freight forwarders it will be the ability to load and unload the freight on the aircraft. In order to provide the core product for the airline, the actual product will need to consist of the runway, the terminal building, the freight warehouses, the equipment and so on – and the expertise to provide all these facilities efficiently and safely. For the passenger, the actual product will include check-in desks, baggage handling and other features such as immigration control which will enable the passenger to fulfil their need of boarding or disembarking the aircraft. The actual product will also include adequate transport services to and from airport, and the provision of outlets selling essential travel goods, as well as other facilities such as information desks and toilets. At the augmented level the airport may, for example, offer marketing support or pricing incentives to the airlines or may formalize some agreement about the exact service levels to be expected. For the passenger the range and diversity of shops, catering and other commercial facilities as well as other features such as ease of transfer between different aircraft could all be considered to be part of the augmented product.

It is difficult to apply this marketing concept to the airport sector because of the composite nature of the airport product. From a passenger viewpoint, the airport product includes the airline product as well as the product of the concessionaire, handling agent and so on. Another way of looking at the airport product is by considering its 'raw' and 'refined' features. The raw product consists of both physical tangible elements (such as the runway, buildings, apron, lighting, navigation aids, fuel, fire and rescue) and intangible service elements provided by the airport operator's own staff and those of the customs, immigration and security agencies. To produce the refined product involves adding the services provided by concessionaires and other tenants and the air travel elements, both tangible and intangible, provided by the airlines (Reantra-oon, 1994).

At the broadest level, the airport product can be considered to be a large commercial centre, which meets the needs of travellers, visitors and residents. Within this context, the Schiphol Group has defined Amsterdam airport as an 'AirportCity' to get over the message that the airport, like any other city, provides services twenty-four hours a day in the form of shops and catering, hotels and recreation, and information, communication and business activities. It wants to market this concept internationally through airport alliances and partnerships, and is already applying this model to other airports where it has some management involvement (Schiphol Group, 1999).

Related to the concept of the airport product, is the idea of an airport brand. In marketing theory a brand is represented by a name, logos, design, signing, merchandising and advertising which all give the product an identity. These tangible and intangible features of the identity differentiate the product from its competitors. Within the airport sector it is certainly true that there are widespread attempts to create a corporate identity with the use of catchy publicity slogans,

and eye-catching logos and designs on promotional information and within the terminal itself. For airport operators who own more than one airport, use of similar signposting, colour schemes and interior design may also be used for all its airports. For example, BAA plc has traditionally used a common and constant brand image for its seven UK airports. Whether such 'branding' actually gives an airport any competitive edge is, however, very debatable although it may make the customer feel more at ease because of the familiar surroundings. Many airports use a number of sub-brands for different areas. For instance, Manchester airport has used 'Manchester Connects' for its transfer product and 'En Route to the World' for its retail product (Teale, 1996). Too many brands may confuse passengers, however, particularly as airlines and their alliance groupings are also becoming increasingly keen to have their own identity represented in the area of the terminal where their passengers are handled.

Marketers often give considerable attention to the name of the airport. Many regional airports like to be called 'international' airports to demonstrate that they serve international as well as domestic destinations – even if in some cases there may be only one international route! On the other hand, as airports become more developed and more well known for their range of services, they may choose to drop the international name as Manchester airport did in 1986. Other airports will include the name of the nearest large city or town, even if it may not be particularly close, and there may be more conveniently located airports. For example, with the London area there is now not only London Heathrow, London Gatwick and London Stansted but also London Luton, London Manston, London Southend, London Biggin Hill and London Ashford. Charleroi is known as Brussels South, Sandefjord-Torp as Oslo South and Skavsta as Stockholm South. The name EuroAirport for Basel-Mulhouse airport has been devised to reflect its central European location and bi-national ownership characteristics. Other interesting examples include Zurich airport which was rebranded as 'Unique Zürich Airport' in 2000 to reflect a new management structure, partial privatization and expanded facilities (Hill, 2000). In the same year Lyon airport in France changed its name from Lyon Satolas to Lyon-Saint-Exupéry in an aim to strengthen the airport's worldwide reputation (European Regions Airline Association, 2000).

Ultimately most decisions concerning the choice of airport will be based primarily on the air services available at the airport (i.e. the airline product) and the proximity of the airport to the potential customer. It is very important for the airport to remember this and to focus its marketing on the air services on offer and the airport's convenience rather than giving every fact about the facilities on offer. Similarly when marketing to airlines, it is information about the nature of catchment area and potential demand rather than small details about the airport infrastructure which will most probably sell the airport. No amount of money spent on improving facilities will attract airlines to the airport unless they consider that there is a market for their services.

### Airport marketing techniques

Successful airport marketing involves focusing on understanding and responding to the needs of the various customer segments. Clearly every airport is

unique and needs to be marketed in its own specific way. At small airports, all marketing tasks may be undertaken by a couple of staff, whereas at larger airports there may be separate departments for coping with different customers such as the passengers and airlines, and different teams looking at different marketing activities such as market research, sales and public relations. Once an airport gets to a certain size, the marketing focus is likely to change. Small airports may concentrate on growing specific services which appear to offer opportunities for the airport. Larger airports, which already have a reasonably developed route network, may be more concerned with putting forward a good positive image for the airport and building on a corporate identity. The marketing of airports aiming to be hub or feeder points is totally different from marketing an airport which relies on point-to-point services such as charter or low-cost services. Airports with considerable spare capacity will adopt different strategies to congested airports. Smaller airports competing with major capital city airports will probably find that they are always faced with an uphill struggle but nevertheless a considerable amount of proactive and aggressive marketing may achieve results.

### Trade

At the most basic level, airports promote themselves to airlines, tour operators, freight forwarders and so on by producing general publicity information, by placing advertisements in trade journals and by being represented at exhibitions, travel trade seminars and workshops, roadshows and other similar events. The aim here is to increase awareness among the trade. Sometimes simple messages may be used to sell the airport. Vienna airport, for instance, has promoted itself as being 'Europe's best address', while Nice airport has described itself as the 'Greatway to Europe'. With other airports the key message may be more specific. Large hub airports may focus on their size to demonstrate that the airport is popular and has connecting traffic possibilities. For instance, Atlanta airport has invited airlines to become 'Members of the busiest airport in the world' while Rome airport has used the message 'With more than 150 destinations we help half of the world to reach the other half. And vice versa'. Other airports try to emphasize different product characteristics such as uncongested facilities and quick processing times. Kansas airport told airlines not to 'Get drawn into a congested hub', while Stansted claimed that it was a 'London airport where you can call the shots'. The small Palm Beach airport's slogan was 'Touch Down 11:00, Towel Down 11:45'. Price sometimes features in such advertising. Geneva airport, for example, has sold itself as being 'The high yield airport with surprising low costs', while Macau airport advertised half price landing fees at night with the message 'Our night fall brings sweet dreams ... 50% off at night'.

Developing regular contact with key airlines and tour operators through visits by airport sales staff, or with regular mail shots and other promotional activities, may also be effective. Airports tend, however, to deal with potential airlines customers in a much more direct and personal way. This hard-selling approach was developed in the 1980s owing to the realization that airports were actually in the good position to identify new route opportunities for airlines.



This was a task previously left solely to the airlines. The airport marketers analysed passenger and catchment area data which gave them adequate information to suggest new route opportunities to potential operators. Many of the airports had the advantage that they already kept at least some of this data for their own passenger marketing and forecasting. They also benefited from certain cost economies by being able to consider all different markets and routes simultaneously. For a small airline interested in operating just one or two new routes, the cost of undertaking such research could well have been too prohibitive.

So the airports started to take a leading role in initiating interest from airlines, tour operators and other trade users. From their databases, they would provide airlines with information about potential routes and the size of the market and perhaps other factors such as the likely requirements for frequency and aircraft size, and route cost and yield considerations.

By the 1990s, airline presentations from the marketing departments of airports to route planners in airlines had become commonplace. Typically the presentation would give a detailed analysis of the new route or routes. This would be supplemented by information about the catchment area, in terms of the characteristics of residents and its tourist and business appeal for incoming passengers. Information would also be given about the airport's facilities and also accessibility by transport links.

The airports which first adopted this more reactive approach to marketing to airlines, such as Manchester and Vienna, have claimed many success stories. Times have now moved on in the air transport industry and both the airports and airlines have developed more sophisticated marketing techniques. The airline presentation is still an important element of an airport's marketing but it has to be highly focused. The emphasis must be very much on the potential demand at the airport with the quality of facilities taking second place. Emphasis on architectural excellence and best-quality facilities could even have a negative impact, with airlines being concerned that the cost of such infrastructure may be passed on to them. The airlines themselves have become awash with route studies from numerous airports and so have become much more skilled in using this information to back-up and verify their own research.

Once an airline has shown some interest in a potential route, the airport will typically agree to provide additional support in a number of ways. For example, reduced fees may be offered for a certain period of time. These can be particularly important and can be crucial particularly for low-cost carriers. Such discounts will usually diminish as traffic grows and the service becomes sustainable, although this may develop into an area of considerable friction between the airport operator and airline (see Chapter 5). Joint advertising and promotional campaigns may be run to promote the new service both through the media and travel agents by pooling resources. The airport may also agree to share the costs of further advertising to ensure that the initial level of demand is sustained. The airport may promise to undertake further market research or help to lobby government to remove bilateral regulatory obstacles. Manchester airport was particularly active in this latter activity in the 1970s and 1980s when it frequently attempted to get gateway status, alongside the London airports, in a number of bilateral agreements. A more recent example is San Francisco airport, which successfully helped persuade the regulatory authorities to agree to non-stop

services being operated to Shanghai. Such services began in 2000. Airports may also choose to give advice on scheduling decisions, particular if an airline is to benefit from connecting traffic from other airlines. A good example of this practice is again Manchester airport, which worked together with airlines to co-ordinate the arrival and departure time of air services in order to create 'Manchester Connects' – the interline hub.

Airports may be able to make themselves appear particularly attractive if they guarantee that the overall package of costs which an airline is faced with will be reasonable. In many cases, airports will be able to offer discounted airport charges but will have no control over handling or fuel charges. However, a few airports such as Abu Dhabi in the Middle East offer a one-stop approach when there is a single contract for all ground services at the airport. Since all the facilities, including aircraft fuelling are owned by the government, the airport is in a position to do this and to have complete control over what it offers to the airlines. At other airports, for example at Moenchengladbach airport near Düsseldorf, the airport operators are able to offer discounted public transport for the airline passengers. Another way in which an airport can put together an attractive deal for an airline and be cost-effective in its marketing is by pairing up and co-operating with the airport at the other end of a route which has been identified as having potential.

An interesting development as regards airline marketing has been the 'Routes' conference. This has been held annually since 1995 and is an opportunity for airport marketers and airline route planners to get together to discuss future market opportunities. In prearranged, one-to-one meetings airlines explain their expansion strategies to airports, who in turn try to sell the virtues of their facilities and services. New routes, frequency increases and opportunities for connecting traffic may be discussed, as well as marketing initiatives in the form of discounted fees and other incentives which the airport may be in the position to offer.

## Travel agents

In spite of the increased use of the internet and other direct-booking methods, for the moment travel agents still remain highly influential when passengers go through the process of selecting and assessing possible travel options. Some of the general sales promotions directed at the airlines may be targeted at the travel agency sector as well, and may help to give exposure to the airport and the services which it offers. Regular mail shots to agents may enhance that awareness.

In many cases, however, this is not enough. Numerous airports, particularly the regional and smaller ones, have found that it is particularly important to spend some time and effort in developing close and personalized links with travel agents serving the direct catchment area. This usually involves regularly sending out a sales representative who can talk to the agents about new developments at the airport and explore the agents' knowledge and views of the services on offer. There are many stories of regional airports discovering that all their neighbouring travel agents are completely unaware of any local air flights. Instead, the agents will have automatically advised passengers to travel

via a larger airport further away. Cardiff airport in the UK overcame this problem by buying a chain of twenty-two local travel agents in an attempt to promote flights from its airport (Humphreys, 1998). Norwich airport, also in the UK, has adopted a similar strategy.

This one-to-one contact can be supplemented with frequent, personalized mail shots giving details of routes launches, promotions, new facilities, up-to-date timetables and other information. Very often airports will also organize competitions, airport tours and other social events to encourage greater interest in the airport and to forge closer links with the agency sector.

### Passengers and the local community

Generally a much more soft-sell approach is adopted for passengers. Airport timetables with details of airport services, facilities and surface access and other promotional literature is commonly distributed to travel agents, libraries, shopping centres, tourist information offices and so on. Travel brochures, produced jointly with tour operators or airlines, can be circulated. This not only has this advantage of sharing the cost but also has the benefit of having the operators' brand associated with the airport.

At the airport itself, information services are provided for passengers and visitors, as are maps and other information about the facilities and services. To increase awareness of the airport and improve relations with the community, open days, air shows, exhibitions and educational visits are also often organized. Branded giveaways to reinforce the airport's image and identity, such as badges, key rings, T-shirts and stationery items are frequently distributed. Sponsorship of key events is also quite common in the airport business.

Airport information is now available on airport web sites which have been set up by most airports, with various degrees of sophistication. The type of information usually available includes airport location details, car parking and local transport details, with perhaps opportunities for pre-booking car parking space or buying public transport tickets on line. Tourist and other information about the airport's catchment area might be included. Nearly all the web sites, even the most basic ones, include terminal maps and a list of facilities, such as shops and catering, on offer. Many of the major airports have real-time flight information and flight-delay details. This is bound to become common practice.

However, the internet clearly has a much greater role to play than merely providing information for the traveller. The local community can find out about achievements, for example, in environmental protection. Shareholders can track the performance of their shares and have instant access to the airports' financial reports. Airlines should be able to retrieve traffic statistics and catchment area information, while details about customs requirements, and handling and warehousing facilities should be available to cargo customers. (Hoevel, 1999).

The internet can offer potentially numerous marketing and revenue opportunities, although as yet only a small number of major airports have taken full advantage of this. Customer profile and preference information could automatically be collected from users of the web site. Pre-ordering purchases,

online shopping and advertising can increase non-aeronautical revenues. Airports are experimenting with various initiatives. For example, BAA plc in co-operation with the travel company expedia UK provides online reservations for many airlines and hotels, last minute travel details, weather updates, health advice, travel plans and destination profiles. Moreover, in 2000 BAA plc invested in lastminute.com. It also has airport upgrade packages available on the net.

Airports advertise to the public through the internet and all the other usual media channels such as television, radio, newspapers, magazines and posters. The choice of media, as with all marketing, clearly depends on the relative costs, the target audience and the message which the organization wants to put across. A basic message or idea can be successfully communicated with radio or television media (although in practice this is rare), whereas more detailed information, for example timetable or flights material, needs to be presented in the written form. As with the marketing to airlines, airports adopt various approaches to woo passenger to their airports. Most commonly airports try to increase the consumer's awareness of flights and closeness of the airport by listing the destinations on offer or by focusing on the convenience of the public transport links. More specific messages may relate to a certain service or facility at the airport – a notable example being the advertising which various airports have undertaken to recover some of their lost retail trade since the loss of EU duty- and tax-free sales. The advertising may be targeted at certain market segments, particularly business travellers. For instance, Abu Dhabi's airport marketing campaign 'Start at the Heart' was based around a heart logo designed to inform business travellers that they could check in at the 'heart' of the city and take a luxury car to the airport.

The ultimate aim of promotional and advertising activities is usually to sell a product, but the airport has a rather unique relationship with its passengers as it is not directly selling a product to them. The passenger will not go to the airport unless the required airline service is there and marketing communication techniques can usually only encourage use at the margins. Similarly, the quality of commercial facilities is unlikely to have an impact over a passenger's choice of airport unless perhaps the passenger is transferring flights or the incentives are very considerable – as with the high-value raffles at the airports serving Dubai, Bahrain and Abu Dhabi.

Airports, of course, have a major impact on the local community not only by providing local flights for the residents, but also by generating jobs and other economic benefits. On the other hand, the environmental impacts such as noise and pollution are of major concern. Generally, the aviation industry being the newest of all transport modes, still holds a fascination and wonder for some and a fear for others. For all these reasons, airports tend to receive extensive coverage, both favourable and otherwise in the press. It is worthwhile for airports to put reasonable effort into trying to capitalize on the general interest that people have with airports and to create a degree of goodwill between airports and the community, particularly should anything so wrong. Developing good links with local, regional, national and, in some cases, foreign media is crucial, and hosting events for journalists and travel writers can increase interest in the airport and stimulate press coverage. Arranging school visits and other trips will also be an essential public relations activity.

## Market research

A fundamental element of marketing is market research – in order that organizations can have a thorough understanding of the characteristics and needs of their market. Most research will cover two areas, namely market characteristics in terms of market size, share, segmentation and trends, and the more subjective area of passenger satisfaction. Chapter 4 has already considered passenger satisfaction and so the emphasis of the discussion here is very much on the first area.

Information about passengers can be collected from a number of different sources. Passenger surveys at the airport are the most common but surveys or group interviews at home or at work are also possible. Views about current services and particularly any underserved destinations can be gleaned from organizations such as travel agents, local businesses and freight forwarders. Most major airports will carry out periodic surveys of their passengers to find out details such as origin and destination, age, sex, socio-economic group, flying frequency and so on. These surveys may be tied in with the quality surveys so that correlations between passenger profiles and levels of satisfaction can be made. In some countries surveys may undertaken by the national civil aviation authorities or government transport departments instead of, or in addition, to those carried out by the airport operators. For example, in the UK the CAA regularly surveys passengers at all main airports. This has the advantage in producing survey data that are directly comparable for different airports.

Market research information, supplemented with traffic data, will assist airport operators in the identification of new routes or enhanced frequency opportunities. Data which are particularly useful are the true origin and destination from global distribution systems such as Sabre and Amadeus. The cost of obtaining such information is, however, normally beyond the reach of many airport marketing department budgets. Most of the market analysis which is undertaken is based on revealed preference techniques, that is by assessing the passenger's current behaviour to determine future travel patterns. The alternative is to use stated preference techniques when passengers are asked to state their preference between a number of different scenarios. The techniques have been used to look at airport choice and also transport modal choice for surface access. For instance, passengers might be asked how they would trade-off higher journey cost to an airport compared with journey time. Such information can give airports invaluable insight into how passengers rate the factors which influence passenger choice. While stated preference techniques are widely used for other transport modes, their application within the airport industry is more limited. Manchester airport was one of the first airports to use such techniques in the mid-1980s (Swanson, 1998).

Most airports, particularly in the regions, refer to the surrounding population and economy which they serve as their catchment area. This is the area where most of the local traffic comes from and so will be where airports concentrate their marketing effort. The most basic approach to defining a catchment area is by using a certain drive time period criteria – typically one hour. Isochromes of longer times may represent weaker or secondary catchment areas. The size of the catchment area and the proportion of it which is likely to fly will depend on factors such as the quality of the road network, the

economic, business and tourist activity within the area, the demographic characteristics of the residents and the competing services at other airports. Improvements in the road infrastructure or public transport, or new or additional services at neighbouring airports, can significantly alter the catchment size. The catchment area is a dynamic rather than static measure, therefore, that has to be constantly reviewed and revised. It also changes depending on the destination being assessed. Many regional airports have overlapping catchment areas. Usually for short-haul travel to popular destinations there may be considerable competition from other airports and so the catchment area will probably be comparatively small. For less popular or longer-distance destinations there is likely to be less competition and so the catchment area will be extended over a greater area. The notion of catchment areas for large capital city airports is not generally so applicable since in many cases these airports may offer the only link to the destination under question in the whole country (Humphreys and Gardner, 1995).

## Southampton airport

Southampton airport's modern history began in 1961 when the airport was bought by an aviation enthusiast from the public sector owner, Southampton Corporation. Various subsequent changes in ownership took place until the airport was finally purchased by BAA plc in 1990. Since then BAA plc has invested £27 million on a total redevelopment of the airport which has included a new terminal which was opened at the end of 1994 and a runway refurbishment which was completed in 1997. The airport is situated on the south coast of Britain around 80 miles south of London, is accessible by two motorways and has a rail station which has direct services to London and other south-east destinations.

It is the airport's intention to become a business airport for local demand and to attract traffic which traditionally has used the congested London airports of Heathrow and Gatwick. Business travellers accounted for 47 per cent of the traffic in 1994/5 compared with only 18 per cent in 1985 (CAA, 1996a). This is also reflected in the fact that two-thirds of the travellers are males, mostly in professional or semi-professional occupations, with 70 per cent of them travelling alone (Table 7.6). A significant proportion of the passengers (16 per cent) appear to be relatively frequent travellers, making more than seven trips annually. In 2000 the airport had scheduled services to a number of domestic destinations, including the nearby Channel Islands, and the international airports of Amsterdam, Brussels, Dublin, Frankfurt and Paris. Nearly 80 per cent of the airport's traffic is domestic. It also has some limited summer service charters but, overall, package holiday travellers represent just 13 per cent of total traffic – a much lower share than at most other UK regional airports. Much of the leisure traffic in its catchment areas uses services from the nearby airports of Gatwick, Bristol and Bournemouth.

The airport considers that its relative small size gives it a significant advantage in terms of the level of personal attention that is provided and the relative short check-in times. Its overall rating in BAA plc's quality of service monitor in 1998/9 was the best out of all BAA plc UK airports. In spite of its small